

Pay Policy

Contents

1. Purpose and Scope	1
2. Vision and Values.....	2
3. Consultation	2
4. Definitions	2
5. General Principles & Practice	3
6. Senior Pay.....	4
7. Pay of the lowest-paid employees	4
8. Relationship between Senior Pay and the 'Lowest Paid Authority Employee'	5
9. Incremental Progression.....	5
10. Additional Payments	5
11. Pensions.....	8
12. Use of consultants, contractors, and temporary 'Agency' staff	8
13. Publication	8

1. Purpose and Scope

Under the provisions of the Localism Act 2011 Section 38 (1), the Authority is required to publish a pay policy statement.

The report seeks the Committee's agreement to the Authority's Pay Policy Statement for 2022/2023

The policy statement will meet the Authority's obligations under the Localism Act 2011 Section 38 (1) and the associated statutory guidance set out in the Openness and Accountability in Local Pay: Guidance and Supplementary Guidance under section 40 of the Localism Act (February 2012 & 2013) together with the Local Government Transparency Code 2015 (February 2015) from the Department for Communities and Local Government.

The Authority's pay arrangements will reflect the need to recruit, retain and motivate skilled employees to ensure high levels of performance balanced with accountability on the public purse. The policy will be underpinned by principles of fairness and equality and will need to recognise the flexibility which is essential in delivering a range of services.

The policy articulates the Authority's policies towards a range of issues relating to the pay of its direct workforce its Chief Officers, as defined by the Local Government and Housing Act 1989 and all other employees (in accordance with provisions in the Localism Act).

The statement will be reviewed annually in advance of the financial year to which it relates, to reflect any statutory changes and will be considered at a meeting of the Combined Authority. Its approval and any subsequent amendments will be published on the Authority's public website.

Pay Policy

The policy is intended to give sufficient flexibility to develop the pay structures necessary to attract and retain staff with the required skills and expertise whilst establishing general principles in respect of pay strategy.

The Accounts and Audit Regulations 2015 require the disclosure of certain details relating to employees whose remuneration was £50,000 or more. Additional disclosures are required relating to the organisation's Senior Employees. These requirements only apply to directly employed staff.

Senior employees whose salary is £50,000 or more, but less than £150,000, are required to be listed individually by way of job title. Employees whose salary is £150,000 or more must also be identified by name.

In this context, a senior employee is identified as follows:

- the designated head of paid service, a statutory chief officer or a non-statutory chief officer of a relevant body, as defined under the Local Government and Housing Act 1989;
- any person having responsibility for the management of the relevant body, to the extent that the person has power to direct or control the major activities of the body, in particular activities involving the expenditure of money, whether solely or collectively with others.

The authority publishes senior salaries in its annual accounts.

2. Vision and Values

Our vision is for a prosperous and sustainable Cambridgeshire and Peterborough. Driven by our values and using our collective voice and strengths, we seek inclusive good growth for an equitable resilient, healthier and connected region.

Our values define what is important in the way we deliver this vision. At Cambridgeshire and Peterborough Combined Authority our core values are Collaboration, Integrity, Vision, Innovation and Leadership. We are committed to ensuring our culture enables our employees to display these values regardless of their roles within the organisation. Managers and employees alike must ensure our core values are upheld when implementing this policy.

3. Consultation

The Combined Authority does not currently recognise Trades Unions, however if any trades union(s) are recognised at a future date, consultation on future pay policy may take place.

4. Definitions

For the purposes of this Pay Policy Statement the following definitions apply:

Pay Policy

- **‘Pay’** in addition to base salary includes charges, fees, allowances, benefits in kind, increases in/enhancement to pension entitlements and termination payments where applicable.
- **‘Chief Officers’** refers to the Chief Executive, as ‘Head of Paid Service’ and posts reporting to that postholder, excluding administrative support functions
- **Lowest paid employee’** refers to those employees in substantive full-time employment at the lowest scale point of the Authority’s pay scale.

5. General Principles & Practice

The Combined Authority’s employment practice will be governed generally by the relevant national legislation and, where relevant, specific local government legislation and regulation.

Principles: The Authority values all its employees and aims to apply a consistent and fair approach to pay and benefits, in line with the following principles:

- To work within financial constraints using those limited funds in the most effective way to support the Authority in the provision of quality cost effective services.
- To take account of affordability in the introduction and maintenance of any changes to pay structure.
- To support a flexible approach to the acceptance of changes to tasks, duties and responsibilities by employees and allow for flexibility between posts.
- To be mindful of the market in making decisions about pay and benefits enabling the Authority to attract and retain its employees and to respond to situations where market forces dictate the necessity to apply supplements to established salaries.
- To actively work towards reducing any unjustified gender pay gaps and promote an equal pay agenda ensuring that transparent and accessible pay and job evaluation systems, processes and systems meet legislative requirements.
- To be clear about the recognition and reward of performance, whether at whole organisation, service, team or individual level.
- To manage pay and benefits processes appropriate to service delivery in a fair and consistent way, and in line with a commitment to remaining within the framework of the relevant national pay and conditions agreements where these apply to its staff.
- To aim to retain a core set of benefits for all employees.

Practice: Basic pay will be determined through:

- The job role and its accountability in the overall context of the Authority’s services and responsibilities using a job evaluation process based on objective criteria and free from discriminatory bias.
- Ensuring that all employees are dealt with on this basis with no distinction being made for senior management appointments, including Chief Officers, their Deputies, and staff generally.
- The terms of the relevant national agreements on pay and conditions of service where they apply to our staff.
- The amount available for the annual pay review process is also impacted by what the Authorities which are party to the national agreements can collectively afford.
- A comprehensive pay and grading structure will be adopted that must be affordable

Pay Policy

and offer recruitment and retention incentive.

- The outcome of reviews into the local pay and grading structures are determined within the terms of this policy and the Authority's governance arrangements.

Note: The pay rate for apprentices, interns and trainees, will reflect the degree of training and development required in the roles.

Equal pay: The Authority is committed to the principle of equal pay for all posts of the same size and value.

To put its commitment to equal pay into practice, it will:

- Regularly review its pay grade and rates for all current staff and starting pay for new staff in line with Equality and Human Rights Commission guidance to ensure a robust and consistent approach.
- Provide training and guidance for managers and supervisory staff involved in decisions about pay and benefits.
- Regularly monitor pay and grading data and statistics and will publish pay equality data as statutorily required.

6. Senior Pay

The remuneration of the Chief Executive and other senior management appointments in the Authority is undertaken by using the Hay Job Evaluation process.

The pay structure for Chief Officers takes account of clearly defined 'statutory responsibilities'. Pay bands will be available for senior officers.

Senior staff will not be differentiated from other members of staff in terms of remuneration on resignation or termination. The Authority's general arrangements for severance and scheme for discretionary payments will be developed and adopted prior to publication of the next annual statement.

If proposed severance packages are likely to exceed £99,999 (this threshold includes [but is not limited to] any proposals in respect of salary to be paid in lieu, redundancy compensation, pension entitlements and holiday pay as appropriate) will be considered in accordance with agreed Authority governance arrangements. This provision will be reviewed to comply with any legislative changes made during the year.

7. Pay of the lowest-paid employees

The Authority has resolved that no employee will be paid less than the UK Living Wage.

For 2022/23, the UK Living Wage is £9.50 per hour, which equates to a minimum salary of £18,278 (based on a full-time week of 37 hours).

For 2023/24, the UK Living Wage is expected to rise to £10.14 per hour, which equates to a minimum salary of £19,509 (based on a full-time week of 37 hours).

Apprentices and interns are normally exempt from the provisions of the Living Wage.

Pay Policy

8. Relationship between Senior Pay and the 'Lowest Paid Authority Employee'

Given the maximum salary for the Chief Executive Officer is £207,491.94 and the lowest paid member of staff will never receive less than the Living Wage as defined by the Living Wage Foundation (£18,278), the maximum possible pay ratio from the highest to the lowest-paid employee would be 11.35 to 1 based on a 37-hour working week.

The lowest-paid current employee at the Authority receives a salary of greater than the Living Wage, (£20,443) such that the actual ratio of highest to lowest-paid employee is in fact less than the theoretical maximum stated in above. The ratio from the highest paid to the lowest paid is 10.15.

9. Incremental Progression

Progress through the grade will be awarded in increments for all staff on 1 April each year unless the employee is subject to performance management in accordance with the Authority's policy. In which case the incremental progression may be withheld for the duration of the application of the capability or performance management process. An increment that has been withheld for this reason may be paid once performance is deemed to have reached a satisfactory level and confirmed as part of the process.

The above rule is subject to the completion of 6 months satisfactory service within the grade by the employee. Employees with less than 6 months service as of 1st of April will not be receive an incremental progression.

Once the maximum of the grade is reached, employees will only receive any nationally agreed increase to the pay scale.

10. Additional Payments

The Authority may make payments in addition to base pay in certain circumstances. These may include.

- Special responsibility payments
- Acting up payments
- Market forces supplements
- Recruitment and retention payments
- Other payments

Special responsibility payments

Where an employee has been asked to take on additional work of a higher grade than the current salary an additional payment of 12% of their current salary may be awarded as a special responsibility payment (SRP). This payment will be made monthly for up to 6 months. After 5 months the payment must be reviewed by the Line Manager. If there is a continued need for the additional responsibility's approval **must** be sought from the Director and completion of the Change to Establishment form. The payment can be made for not more than a further 6 months.

Acting up payments

Where an employee is required to undertake the **full responsibility** for a higher graded post the employee will be paid at the bottom point of the pay scale for the higher graded post. This

Pay Policy

payment will be made monthly for up to 6 months. After 5 months the payment must be reviewed by the Line Manager. If there is a continued need for the additional responsibility's approval **must** be sought from the Director after completion of the Change to Establishment form. The payment can be made for not more than a further 6 months.

Market forces supplements

It is generally acknowledged that pressures and pay restraint have impacted on the competitive position of public sector organisations as employers. Where organisations find it difficult to recruit to specific posts and / or retain employees in those posts, the payment of a market supplement to base salary may be necessary.

Typically, a market supplement may be paid where the 'going rate' for a specific job or specialism is higher than that offered by the Authority, and it has been unable to recruit / retain post-holders as a result.

A market supplement, paid separately from base pay should not compromise the pay and grading structure. However, where there are tensions between market pricing and job-evaluated grading and pay structures which call for a carefully managed approach to the use of market supplements.

The Authority can minimise the risk of equal pay (and other legal challenges) relating to market supplements by having systematic, clear, consistent, and documented processes for dealing with market supplements at every stage, from proposal to review.

The rationale and business need for market supplements for the specified post[s] must be evidenced.

Management of the process for paying the market supplement and associated legal considerations are particularly important, the authority's policy on market forces payments is as follows.

- Payment of market supplements should only be considered where it can be shown that the problem cannot be resolved using the organisation's job evaluation and grading processes.
- Objective justification-If the pay of a particular job is to be enhanced to reflect market conditions it is necessary to demonstrate that there are 'objectively justified grounds' i.e., that recruitment and retention difficulties exist in relation to the job concerned which would result in organisational or operational problems.
- Equal pay considerations should be taken into account, and the possibility of an equal pay challenge assessed.
- Evidence the business case for supplements must provide 'objective justification' with supporting evidence.

Types of evidence include-

- Salary benchmark data, what is the 'going rate' for the job?
- Evidence of any recent (unsuccessful) recruitment processes, e.g. How has the post been advertised in the past? Has the correct media been used? What is the response rate to adverts? What is the turnover rate for the post?
- The level and overall cost of the recommended supplements,
- Any alternative measures that have been, or could be, considered e.g., could the post be remodelled to deliver the service required?

Pay Policy

- The operational and/or reputational risks
- Details of any perceived detrimental impact on service delivery of failure to recruit (or retain) the right calibre of employee.
- Details of any potential knock-on effects and how they might be resolved e.g., maintenance of pay relativities between posts within a team/business area or work group
- Market supplements should be paid as a separate and clearly identifiable addition to basic pay and should be paid to all in the relevant post.
- Market supplements should be time-limited payments. Prior to the expiry date, or if circumstances change the payment of the supplement should be reviewed.

Approval must be sought from the Director and completion of the Change to Establishment form before Market supplements can be made.

Recruitment and retention payments (RRP)

RRPs are additions to the pay of a post or group of similar posts where market pressures would otherwise prevent the employer from being able to recruit or retain staff in sufficient numbers at the normal salary for jobs of that weight.

Short-term RRP – will apply where the labour market conditions giving rise to recruitment and retention problems are expected to be short-term and where the need for the premium is expected to disappear or reduce in the foreseeable future.

Long-term RRP – will apply where the relevant labour market conditions are deeper rooted and the need for the premium is not expected to vary significantly in the foreseeable future.

In common with MFS the authority will need to demonstrate that evidence is available to support the rationale for paying RRP and this evidence should be robust and regularly reviewed. MFS OR RRPS may be made but not both together.

Any approval for RRP **must** be obtained by completing the Change to Establishment form and seeking approval from the appropriate Director.

Honoraria

The Authority is committed to providing development opportunities for its staff including the opportunity to work in cross cutting areas of the authority, supporting projects or undertaking specific tasks to develop skills and knowledge. It will not normally be necessary to make additional payments to recognise this development opportunity.

In **exceptional circumstances and with explicit permission from the Director**, a small payment of not more than 5% of current salary or £1000 (whichever is the lowest figure) may be paid as an honorarium, in recognition of a specific piece of work. The honoraria should be agreed in advance based on the specific outcomes/objectives being delivered in time and on budget. The work must be significant, in addition to the postholder's current role and all objectives being met. No other additional payments can be made for the same piece of work.

Any Honoraria approval **must** be obtained by completing the Change to Establishment form and seeking approval from the appropriate Director.

Other payments

Pay Policy

The Authority recognises previous service with other public sector bodies specified in the Redundancy Payments (Continuity of Employment in Local Government, etc) (Modification) Order 1999 for employment purposes including redundancy, annual leave and sickness pay.

The Authority may introduce other policies which impact on pay, in each case these will be referenced in the pay policy at the annual review of the pay policy.

Separate policies on Change Management and Pensions may also impact on employee terms and conditions and pay related matters, these will also be referenced in the annual review of pay policy.

11. Pensions

Subject to the provisions of the relevant scheme, all directly employed staff will be enrolled into the Local Government Pension Scheme, a statutory contributory scheme. They may choose to opt out of membership. In accordance with the statutory requirement, the Authority will determine its policy in respect of discretionary provisions available within the scheme prior to publication of its next annual statement.

The Authority will not seek to make arrangements for its employees in respect of any other pension scheme.

The Authority will develop a policy for flexible retirement which is specifically authorised by statute whereby individual staff, with employer approval, may draw their pension and continue in employment at a lower pay grade/ working shorter hours.

12. Use of consultants, contractors, and temporary 'Agency' staff

Ordinarily staff will be engaged directly by the Authority as employees but on an exceptional basis, if circumstances deem it necessary, people may be engaged under 'contracts for services' as consultants or contractors or on an 'agency-basis'. When this situation arises, the Authority will give detailed prior consideration to the benefit of doing so and that the overriding need to ensure value for money is achieved. Such arrangements must be in accordance with the Authority's Codes of Practice and Financial Regulations.

13. Publication

The Authority's approach to the publication of and access to information on the remuneration of Chief Officers is to include it on its public website as part of its requirements within the Accounts and Audit (England) Regulations 2011 and in accordance with the Code of Recommended Practice for Local Authorities on Data Transparency. A copy of the Pay Policy Statement will be published on the Authority's website.

Pay Policy

Governance – Pay Policy

References:
None

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If applicable, has an initial Equality Impact Assessment (EIA) been completed?	Yes
Document lead and author:	HR Team
Dissemination:	
What other documents should this be read in conjunction with:	Guidance documents listed in policy
Who will review the document (job title):	HR Team
Why is this document being reviewed?	New/ Review of existing Policies and Procedures
Mandatory read	Yes

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2		Changes made in line with updated figures.	2023